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8 **UNITED STATES DISTRICT COURT**  
9 **WESTERN DISTRICT OF WASHINGTON**  
10 **SEATTLE DIVISION**  
11

12 SECURITIES AND EXCHANGE  
13 COMMISSION,

14 Plaintiff,

15 v.

16 JUSTIN COSTELLO and  
17 DAVID FERRARO

Defendants.

CASE NO. 22-cv-01388

**CONSENT OF DEFENDANT  
DAVID FERRARO**

18  
19 1. Defendant David Ferraro ("Defendant") waives service of a summons and the  
20 complaint in this action, enters a general appearance, and admits the Court's jurisdiction over  
21 Defendant and over the subject matter of this action.

22 2. Without admitting or denying the allegations of the complaint (except as provided  
23 herein in paragraph 11 and except as to personal and subject matter jurisdiction, which  
24

1 Defendant admits), Defendant hereby consents to the entry of the Judgment in the form attached  
 2 hereto (the “Judgment”) and incorporated by reference herein, which, among other things:

- 3 (a) permanently restrains and enjoins Defendant from violation of Section  
 4 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §  
 5 77q(a)] and Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] (the  
 6 “Exchange Act”) and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
- 7 (b) orders Defendant to pay disgorgement in the amount of \$142,724.97, plus  
 8 prejudgment interest thereon in the amount of \$11,704.92; and
- 9 (c) permanently bars Defendant from participating in any offering of a penny  
 10 stock, pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)]  
 11 and Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)],  
 12 including engaging in activities with a broker, dealer, or issuer for  
 13 purposes of issuing, trading, or inducing or attempting to induce the  
 14 purchase or sale of any penny stock.

15 3. Defendant acknowledges that the Court is not imposing a civil penalty based on  
 16 Defendant’s sworn representations in Defendant’s Statement of Financial Condition dated March  
 17 20, 2023, and other documents and information submitted to the Commission. Defendant further  
 18 consents that if at any time following the entry of the Final Judgment the Commission obtains  
 19 information indicating that Defendant’s representations to the Commission concerning  
 20 Defendant’s assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or  
 21 incomplete in any material respect as of the time such representations were made, the  
 22 Commission may, at its sole discretion and without prior notice to Defendant, petition the Court  
 23 for an order requiring Defendant to pay the maximum civil penalty allowable under the law. In  
 24 connection with any such petition, the only issue shall be whether the financial information

1 provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in any material  
2 respect as of the time such representations were made. In any such petition, the Commission  
3 may move the Court to consider all available remedies, including but not limited to ordering  
4 Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt  
5 of the Court's Final Judgment. The Commission may also request additional discovery.  
6 Defendant may not, by way of defense to such petition: (1) challenge the validity of this Consent  
7 or the Final Judgment; (2) contest the allegations in the complaint; (3) assert that payment of a  
8 civil penalty should not be ordered; (4) contest the imposition of the maximum civil penalty  
9 allowable under the law; or (5) assert any defense to liability or remedy, including but not  
10 limited to any statute of limitations defense.

11 4. Defendant waives the entry of findings of fact and conclusions of law pursuant to  
12 Rule 52 of the Federal Rules of Civil Procedure.

13 5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of  
14 the Final Judgment.

15 6. Defendant enters into this Consent voluntarily and represents that no threats,  
16 offers, promises, or inducements of any kind have been made by the Commission or any  
17 member, officer, employee, agent, or representative of the Commission to induce Defendant to  
18 enter into this Consent.

19 7. Defendant agrees that this Consent shall be incorporated into the Final Judgment  
20 with the same force and effect as if fully set forth therein.

21 8. Defendant will not oppose the enforcement of the Final Judgment on the ground,  
22 if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and  
23 hereby waives any objection based thereon.  
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1           9. Defendant waives service of the Final Judgment and agrees that entry of the Final  
 2 Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant  
 3 of its terms and conditions. Defendant further agrees to provide counsel for the Commission,  
 4 within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit  
 5 or declaration stating that Defendant has received and read a copy of the Final Judgment.

6           10. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted  
 7 against Defendant in this civil proceeding. Defendant acknowledges that no promise or  
 8 representation has been made by the Commission or any member, officer, employee, agent, or  
 9 representative of the Commission with regard to any criminal liability that may have arisen or  
 10 may arise from the facts underlying this action or immunity from any such criminal liability.  
 11 Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding,  
 12 including the imposition of any remedy or civil penalty herein. Defendant further acknowledges  
 13 that the Court's entry of a permanent injunction may have collateral consequences under federal  
 14 or state law and the rules and regulations of self-regulatory organizations, licensing boards, and  
 15 other regulatory organizations. Such collateral consequences include, but are not limited to, a  
 16 statutory disqualification with respect to membership or participation in, or association with a  
 17 member of, a self-regulatory organization. This statutory disqualification has consequences that  
 18 are separate from any sanction imposed in an administrative proceeding. In addition, in any  
 19 disciplinary proceeding before the Commission based on the entry of the injunction in this  
 20 action, Defendant understands that he shall not be permitted to contest the factual allegations of  
 21 the complaint in this action.

22           11. Defendant understands and agrees to comply with the terms of 17 C.F.R.  
 23 § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant  
 24 or respondent to consent to a judgment or order that imposes a sanction while denying the

allegations in the complaint or order for proceedings,” and “a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.” As part of Defendant’s agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant’s: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or

1 her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees,  
 2 expenses, or costs expended by Defendant to defend against this action. For these purposes,  
 3 Defendant agrees that Defendant is not the prevailing party in this action since the parties have  
 4 reached a good faith settlement.

5 13. In connection with this action and any related judicial or administrative  
 6 proceeding or investigation commenced by the Commission or to which the Commission is a  
 7 party, Defendant (i) agrees to appear and be interviewed by Commission staff at such times and  
 8 places as the staff requests upon reasonable notice; (ii) will accept service by mail or facsimile  
 9 transmission of notices or subpoenas issued by the Commission for documents or testimony at  
 10 depositions, hearings, or trials, or in connection with any related investigation by Commission  
 11 staff; (iii) appoints Defendant's undersigned attorney as agent to receive service of such notices  
 12 and subpoenas; (iv) with respect to such notices and subpoenas, waives the territorial limits on  
 13 service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local  
 14 rules, provided that the party requesting the testimony reimburses Defendant's travel, lodging, and  
 15 subsistence expenses at the then-prevailing U.S. Government per diem rates; and (v) consents to  
 16 personal jurisdiction over Defendant in any United States District Court for purposes of  
 17 enforcing any such subpoena.

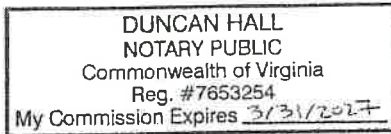
18 14. Defendant agrees that the Commission may present the Final Judgment to the  
 19 Court for signature and entry without further notice.

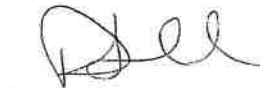
1           15. Defendant agrees that this Court shall retain jurisdiction over this matter for the  
2 purpose of enforcing the terms of the Final Judgment.

3  
4 Dated: 4/25/2023

  
David Ferraro

5           On April 25<sup>th</sup>, 2023, David Ferraro, a person known to me, personally appeared  
6 before me and acknowledged executing the foregoing Consent.



  
Notary Public  
Commission expires: 3/31/2027

10 Approved as to form:

11 

12 Jeffrey L. Cox, Esq.  
13 Sallah Astarita & Cox, LLC  
14 3010 North Military Trail, Suite 210  
Boca Raton, Florida 33431  
(561) 989-9080